

11 Am. Jur. 2d Bills and Notes § 344

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Bills and Notes

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X. Discharge of Obligation

A. In General

§ 344. Who may discharge obligation on negotiable instrument

[Topic Summary](#) | [Correlation Table](#) | [References](#)

West's Key Number Digest

West's Key Number Digest, Bills and Notes 426

An instrument payable to two or more persons in the alternative is payable to any one of them and may be negotiated, discharged, or enforced by any or all of them in possession of the instrument.¹ The possession required for an alternative payee to discharge an instrument is not limited to physical possession, but extends to items under the payee's dominion and control.²

If an instrument is payable to two or more persons not alternatively, it may be discharged only by all of them.³

Because payment to one nonalternative copayee without the endorsement of the other is not payment to a holder, it does not discharge drawer of either liability on the instrument or underlying obligation.⁴

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Footnotes

- ¹ U.C.C. § 3-110(d) (2002 Rev).
- ² [Matter of Estate of Walker](#), 473 N.W.2d 45, 15 U.C.C. Rep. Serv. 2d 512 (Iowa 1991).
- ³ U.C.C. § 3-110(d) (2002 Rev).
As to negotiation of an instrument by multiple payees, see § 176.
- ⁴ [McAllen Hospitals, L.P. v. State Farm County Mut. Ins. Co. of Texas](#), 433 S.W.3d 535, 83 U.C.C. Rep. Serv. 2d 683 (Tex. 2014); [ViewPoint Bank v. Allied Property and Cas. Ins. Co.](#), 439 S.W.3d 626, 84 U.C.C. Rep. Serv. 2d 295 (Tex. App. Dallas 2014).

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